



ASX/Media Release

22 February 2017

AJA HALF YEAR RESULTS TO 31 DECEMBER 2016

Please find attached the following documents relating to Astro Japan Property Group's Half Year Results to 31 December 2016:

1. ASX Appendix 4D
2. Interim Financial Report for the half year ended 31 December 2016

ENDS

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About Astro Japan Property Group (AJA)

Astro Japan Property Group is a listed property group which invests in the Japan real estate market. It currently holds interests in a portfolio comprising 27 retail, office, residential and hotel properties. Asset management services in Japan are generally undertaken by Spring Investment Co., Ltd.

AJA is a stapled entity comprising Astro Japan Property Trust (ARSN 112 799 854) and Astro Japan Property Group Limited (ABN 25 135 381 663). For further information please visit our website: www.astrojapanproperty.com.

Astro Japan Property Group

Astro Japan Property Group Limited ABN 25 135 381 663
Astro Japan Property Management Limited ABN 94 111 874 563 AFSL 283142
as responsible entity of the Astro Japan Property Trust ARSN 112 799 854

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Appendix 4D Half Year Report

ASTRO JAPAN PROPERTY GROUP

[The financial information in this Appendix 4D represents the consolidated financial information of Astro Japan Property Trust (ARSN 112 799 854), Astro Japan Property Group Limited (ABN 25 135 381 663) and its controlled entity.]

1. Details of the reporting period

Current Period:	1 July 2016 – 31 December 2016
Previous Corresponding Period:	1 July 2015 – 31 December 2015

2. Results for announcement to the market

				\$A'000	
2.1	Revenue from ordinary activities ¹	down	56.8%	to	6,385
2.2	Net (loss) for the period attributable to stapled securityholders	% movement not applicable ²			(22,445)
2.3	Underlying profit ³	up	6.3%	to	18,256
2.4	Distributions	Amount per security		Franked amount per security	
	<i>Current Period:</i>				
	Final distribution	N/A		N/A	
	Interim distribution	21.00¢ ⁴		N/A	
	<i>Previous Corresponding Period:</i>				
	Final distribution	N/A		N/A	
	Interim distribution	18.00¢		N/A	
2.5	Record date for determining entitlements to the interim distribution	30 December 2016			
2.6	Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:				
	Refer to Section 3 below and to the associated ASX results announcement				

¹ Revenues from ordinary activities comprise financing income and distribution income.

² Percentage movement cannot be calculated as the result in the previous corresponding period was a net profit.

³ Net (loss)/profit for the half year after tax before fair value adjustments to the unlisted investments, foreign currency translation impact on the fair value of the TKs, TK operator share of TK distributions, fair value adjustments to investment property, fair value adjustments to interest bearing debt, gain on disposal of investment properties, expenses associated with TK refinancings, net foreign exchange loss/(gain) and deferred tax on fair value adjustments.

⁴ There is no foreign conduit income attributed to this distribution.

3. Analysis of financial performance

The Group's statutory loss after tax for the half year ended 31 December 2016 was \$22.5 million. The following table summarises key reconciling items between the Group's statutory result and underlying profit⁵.

3.1 Reconciliation between the Group's statutory result and underlying profit:	31 December 2016 \$A'000	31 December 2015 \$A'000
Net (loss)/profit attributable to stapled securityholders⁶	(22,445)	54,220
Fair value adjustment to the unlisted investments	32	1,352
Foreign currency translation impact on the fair value of the TKs	42,066	(23,959)
TK operator share of TK distributions	26	44
Fair value adjustments to investment property	(2,909)	(10,656)
Fair value adjustments to interest bearing debt	(58)	2,843
Gain on disposal of investment properties	(50)	-
Expenses associated with TK refinancings	-	779
Net foreign exchange loss/(gain)	4,368	(2,489)
Deferred tax on fair value adjustments	(2,774)	(4,958)
Underlying profit after tax	18,256	17,176

4. Net tangible asset backing per security

	31 December 2016	30 June 2016
Net tangible asset backing per ordinary security	\$7.68	\$8.26

5. Control gained or lost over entities during the period

N/A

6. Details of distributions

Refer to the attached financial statements Note 4 Distributions paid and payable and the attached Directors' Report.

7. Details of distribution reinvestment plan

The Distribution Reinvestment Plan will not be activated for the distribution for the half year ended 31 December 2016.

⁵ Underlying profit is used to provide a better understanding of the Astro Group's financial performance and comparison of performance between the different financial periods. It is a non-IFRS measure which adjusts the balances that are unrelated to the underlying performance of the business to reflect the Directors' assessment of the Astro Group's underlying business activities having regard to the guidance from ASIC's RG 230 Disclosing Non-IFRS information. These principles include providing a clear reconciliation between statutory profit and underlying profit in the Directors' Report, including both positive and negative adjustments and maintaining consistency between reporting periods. The adjustments include non-cash fair value movements within the financial assets at fair value through profit or loss (representing investments in the TKs), and detailed in the segment reporting disclosure in Note 1. The adjustments between statutory profit after income tax and underlying profit are set out in table 3.1 (this reconciliation has not been audited in accordance with Australian Auditing Standards).

⁶ All items in table 3.1 are as set out in Note 1 Segment reporting.

8. Details of associates and joint venture entities

N/A

9. Accounting standards used by foreign entities

Refer to the attached Financial Statements Note 8 Statement of significant accounting policies of the Interim Financial Report.

10. Independent audit review

The auditor's review report is attached to the Interim Financial Report which accompanies this appendix, and is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Astro Japan Property Group

**Interim Financial Report
31 December 2016**

The Astro Japan Property Group (Astro Group) comprises Astro Japan Property Trust (ARSN 112 799 854) (AJT), and Astro Japan Property Group Limited (ABN 25 135 381 663) (AJCo) and its controlled entity. Astro Japan Property Management Limited (ABN 94 111 874 563) is the Responsible Entity of AJT.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the Astro Group during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001* (Cth).

Through our website, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Astro Group. All press releases, financial reports and other information are available on our website: www.astrojapanproperty.com

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The Directors of Astro Japan Property Management Limited (ABN 94 111 874 563) ("Responsible Entity"), in its capacity as the Responsible Entity of Astro Japan Property Trust (ARSN 112 799 854) ("AJT"), present their report together with the consolidated financial statements of the Astro Japan Property Group ("Astro Group"), for the half year ended 31 December 2016. The Astro Group comprises Astro Japan Property Trust, Astro Japan Property Group Limited (ABN 25 135 381 663) ("AJCo") and its controlled entity.

For the purposes of this Directors' Report:

- references to 'TK Operator' means each or any of the nine Japanese special purpose companies through which the Astro Group invests in Japan, namely JPT Co. Ltd. (JPT), JPT Corporate Co. Ltd. (JPTC), JPT Scarlett Co. Ltd. (JPTS), JPT Newton Co. Ltd. (JPTN), JPT Omega Co. Ltd. (JPTO), Arabesque S Godo Kaisya (JPTGK), KTS&S Co. Ltd (JPKT), JPT Direct Co. Ltd. (JPTD) and JPT August Co. Ltd. (JPTA); and
- references to 'TK' means the contractual relationship between a TK Operator and AJT, which is documented in a 'TK Agreement'.

The Astro Japan Property Group

The stapled securities of the Astro Group are quoted on the Australian Securities Exchange under the code AJA and each stapled security comprises one unit in AJT and one share in AJCo. AJT and AJCo are separate legal entities under the *Corporations Act 2001* (Cth) so are therefore required to separately comply with the reporting and disclosure requirements under the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The registered office and principal place of business of the Responsible Entity, AJT and AJCo is Suite 4 Level 10, 56 Pitt Street, Sydney NSW 2000.

Principal activities

The principal activity of AJT is investment in interests in investment properties. The principal activities of AJCo are ownership of Astro Japan Property Management Limited, the Responsible Entity of AJT and ownership of a 25% economic interest in Spring Investment Co., Ltd, ("Japan Asset Manager" or "Spring"), which is the manager of AJT's Japanese property interests.

Financial and operating review

The following provides a summary of the Astro Group's performance for the half year ended 31 December 2016.

Financial results

During the half year ended 31 December 2016 the Astro Group made a loss after income tax of \$22,445,000 (31 December 2015: profit after income tax of \$54,220,000).

Underlying profit is used to provide a better understanding of the Astro Group's financial performance and comparison of performance between the different financial periods. It is a non-IFRS measure which adjusts the balances that are unrelated to the underlying performance of the business to reflect the Directors' assessment of the Astro Group's underlying business activities having regard to the guidance from ASIC's RG 230 Disclosing Non-IFRS information. These principles include providing a clear reconciliation between statutory profit/(loss) and underlying profit in the Directors' Report, including both positive and negative adjustments and maintaining consistency between reporting periods. The adjustments include non-cash fair value movements within the financial assets at fair value through profit or loss (representing investments in the TKs), and detailed in the segment reporting disclosure in Note 1. The adjustments between statutory profit/(loss) after income tax and underlying profit are set out below (this reconciliation has not been audited in accordance with Australian Auditing Standards):

	Half year ended	
	31/12/2016	31/12/2015
	\$'000	\$'000
(Loss)/profit after tax for the half year¹	(22,445)	54,220
Fair value adjustment to unlisted investments	32	1,352
Foreign currency translation impact on the fair value of the TKs	42,066	(23,959)
TK operator share of TK distributions	26	44
Fair value adjustments to investment properties	(2,909)	(10,656)
Fair value adjustments to interest bearing debt	(58)	2,843
Gain on disposal of investment properties	(50)	-
Expenses associated with TK refinancings	-	779
Net foreign exchange loss/(gain)	4,368	(2,489)
Deferred tax on fair value adjustments	(2,774)	(4,958)
Underlying profit after tax	18,256	17,176

¹All items below are as set out in Note 1 Segment reporting.

Financial results - portfolio performance and highlights

The Astro Group had interests in 28 investment properties at 31 December 2016 (31 December 2015: 31).

Net property income from interests in investment properties is set out below:

	Half year ended	
	31/12/2016	31/12/2015
	\$'000	\$'000
Retail	15,570	14,780
Office	8,329	8,765
Residential	3,165	2,971
Hotel	469	-
Total net property income from interests in investment properties	27,533	26,516

On 22 August 2016, the Astro Group announced that it had acquired interests in two Japanese hotels for a combined purchase price of ¥1.47 billion (\$19,221,000 at \$1=¥76.48). The Astro Group's interest in the hotels is held through a new special purpose, property owning Japanese company, JPKT. The assets have been acquired without debt, using part of the Astro Group's free cash. As part of the acquisitions, the Astro Group's Asset Manager has negotiated new 20 year non-cancellable leases for the hotels with an experienced Japanese hotel operator, Kuretakeso.

On 30 September 2016, Sun No.5, an office property owned by JPTN, was sold for ¥487 million (\$6,327,000 at \$1=¥76.97). The sale price is a 4.2% premium to the most recent ¥467 million Astro Group book value of the asset as at 30 June 2016. After making repayment of approximately ¥368.5 million (\$4,788,000) of debt principal, and sale-related costs, net proceeds available to the Astro Group are approximately ¥90 million (\$1,169,000).

Subsequent to the period end, on 31 January 2017, Round One Amagasaki, a retail property owned by JPTN, was sold for ¥830 million (\$9,651,000 at \$1=¥86.00). The sales price represented a 5.1% premium to the ¥790 million Astro Group book value of the asset as at 31 December 2016. After making repayment of approximately ¥730 million (\$8,488,000) of debt principal, and sale related costs, net proceeds available to the Astro Group are approximately ¥35 million (\$407,000).

Fair value of investment properties

In accordance with the Astro Group's investment property valuation policy, the Astro Group assessed the fair value of investment properties in the underlying TKs during the period which resulted in a revaluation upward of \$2,909,000 to \$1,000,323,000 (Half year ended 31 December 2015: revaluation upward of \$10,656,000 to \$988,988,000). The investment properties are incorporated in the financial assets carried at fair value through profit or loss in the statement of financial position.

Capital management and business strategies

There were no re-financings during the half year with the two hotels purchased in August, 2016 remaining free of debt at this time. Including proceeds from the sale of Round One Amagasaki announced on 31 January 2017, the Astro Group holds excess cash the equivalent of approximately \$45 million at \$1=¥85.00 (almost all is held in Yen), equal to approximately 10% of the Astro Group's current NTA. This amount is after setting aside funding for the half year distribution.

Focus is now on deploying this available cash on the acquisition of properties which are younger and have stronger long-term leveraged cash flows than those which have been sold over recent periods.

Whilst the underlying operating performance of the Astro Group's portfolio continues to be strong and the Astro Group securities have far outperformed the A-REIT index on a total return basis over the short, medium and long term, the Astro Group securities continue to trade at a price below NTA. The Board and Senior Advisor are well aware of the goal to close the gap between the market price and NTA for the Astro Group securities, and anticipate that continued leveraged investment of currently available cash will generate increased earnings and distributable cash which should contribute to that goal.

Distributions

The Astro Group has announced an estimated distribution of 21.0 cents per security (\$12,737,000) for the half year ended 31 December 2016 (31 December 2015: 18.0 cents (\$10,917,000)). The expected distribution payment date is 28 February 2017.

Significant changes in the state of affairs

In the opinion of the Directors, other than the items already noted in the Directors' Report, there were no further changes in the state of affairs of the Astro Group that occurred during the half year under review.

Matters subsequent to the end of the half year period

The Directors are not aware of any matter or circumstance occurring since 31 December 2016 not otherwise dealt with in the half year financial report that has significantly or may significantly affect the operations of the Astro Group, the results of those operations, or the state of affairs of the Astro Group in subsequent financial years.

Directors

The Directors of the Responsible Entity at any time during and since the period end are:

Directors	Independence Status	Date of Appointment
Allan McDonald	Independent Non-Executive Chairman	19 February 2005
John Pettigrew	Executive Director, Chief Financial Officer	19 February 2005
Doug Clemson	Independent Non-Executive Director	31 December 2011
Kate McCann	Independent Non-Executive Director	31 December 2011

Auditor's independence declaration

The auditor's independence declaration is included on the page following this Directors' Report.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Astro Group under ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191. The Astro Group is an entity to which the Legislative Instrument applies.

Dated 22 February 2017.

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the *Corporations Act 2001* (Cth).



F A McDonald
Director

Astro Japan Property Management Limited in its capacity as Responsible Entity of the Astro Japan Property Trust

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF ASTRO JAPAN PROPERTY MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF ASTRO JAPAN PROPERTY TRUST

As lead auditor for the review of Astro Japan Property Trust for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Astro Japan Property Trust and the entities it controlled during the period, including Astro Japan Property Group Limited and its controlled entities.



Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 22 February 2017

	Note	31 Dec 16 \$'000	31 Dec 15 \$'000
Revenue			
Financing revenue		31	46
Distribution revenue		6,354	14,720
		6,385	14,766
Other income			
Net gains on financial assets held at fair value through profit or loss		-	38,749
Net foreign exchange gain		-	2,489
		-	41,238
Total revenue and other income		6,385	56,004
Expenses			
Net losses on financial assets held at fair value through profit or loss		(22,694)	-
Net foreign exchange loss		(4,368)	-
Other operating expenses		(1,229)	(1,389)
Total expenses		(28,291)	(1,389)
(Loss)/profit before tax		(21,906)	54,615
Income tax expense		(539)	(395)
(Loss)/profit for the period		(22,445)	54,220
(Loss)/profit is attributable to:			
Securityholders of AJT		(22,451)	54,958
Securityholders of other entities stapled to AJT (non-controlling interests)		6	(738)
(Loss)/profit for the period		(22,445)	54,220
Other comprehensive income		-	-
Total comprehensive income for the period		(22,445)	54,220
Total comprehensive income for the period attributable to:			
Securityholders of AJT		(22,451)	54,958
Securityholders of other entities stapled to AJT (non-controlling interests)		6	(738)
		(22,445)	54,220
Basic and diluted earnings per ordinary Security available to securityholders of AJT	5	(37.02)¢	90.61¢

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

	Note	31 Dec 16 \$'000	30 Jun 16 \$'000
Current assets			
Cash and cash equivalents		44,750	49,511
Other receivables		18,702	34,341
Other assets		150	279
Total current assets		63,602	84,131
Non-current assets			
Financial assets carried at fair value through profit or loss	2	415,449	429,003
Deferred tax asset		37	43
Property, plant and equipment		36	41
Intangible assets		2,600	2,600
Total non-current assets		418,122	431,687
Total assets		481,724	515,818
Current liabilities			
Payables		172	483
Employee benefits		74	73
Distribution payable	4	12,737	10,918
Current tax liabilities		480	858
Total current liabilities		13,463	12,332
Non-current liabilities			
Employee benefits		5	29
Deferred tax liabilities		98	117
Total non-current liabilities		103	146
Total liabilities		13,566	12,478
Net assets		468,158	503,340
Equity			
Equity attributable to securityholders of AJT			
Contributed equity	6	601,854	601,854
Accumulated losses		(155,072)	(119,884)
Total equity of securityholders		446,782	481,970
Equity attributable to other stapled securityholders			
Contributed equity	6	26,952	26,952
Accumulated losses		(5,576)	(5,582)
Total equity of other stapled securityholders		21,376	21,370
Total equity		468,158	503,340

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

	31 Dec 16 \$'000	31 Dec 15 \$'000
Cash flows from operating activities		
Realised foreign exchange gains	2,960	1,363
Other operating expenses paid	(1,202)	(1,410)
Financing income	31	46
Japanese withholding and Australian income tax paid	(931)	(521)
Net cash from/(used in) operating activities	858	(522)
Cash flows from investing activities		
Investment in financial assets held at fair value through profit or loss	(21,851)	(3,195)
Distributions received	34,704	41,180
Net cash from investing activities	12,853	37,985
Cash flows from financing activities		
Distributions paid	(10,918)	(9,704)
Net cash used in financing activities	(10,918)	(9,704)
Net increase in cash and cash equivalents	2,793	27,759
Cash and cash equivalents at the beginning of the period	49,511	3,199
Effect on exchange rate fluctuations on cash held	(7,554)	963
Cash and cash equivalents at the end of the period	44,750	31,921

The Consolidated Statement of Cash Flows are to be read in conjunction with the Notes of the Financial Statements.

	Note	Equity attributable to securityholders of AJT			Equity attributable to other stapled securityholders			Total equity \$'000
		Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	
Balance at 1 July 2015		601,854	(229,270)	372,584	26,952	(6,495)	20,457	393,041
Profit/(loss) for the period		-	54,958	54,958	-	(738)	(738)	54,220
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		-	54,958	54,958	-	(738)	(738)	54,220
Transactions with Securityholders in their capacity as Securityholders:								
Distributions paid or provided for	4	-	(10,917)	(10,917)	-	-	-	(10,917)
Balance at 31 December 2015		601,854	(185,229)	416,625	26,952	(7,233)	19,719	436,344
Balance at 1 July 2016		601,854	(119,884)	481,970	26,952	(5,582)	21,370	503,340
(Loss)/profit for the period		-	(22,451)	(22,451)	-	6	6	(22,445)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		-	(22,451)	(22,451)	-	6	6	(22,445)
Transactions with Securityholders in their capacity as Securityholders:								
Distributions paid or provided for	4	-	(12,737)	(12,737)	-	-	-	(12,737)
Balance at 31 December 2016		601,854	(155,072)	446,782	26,952	(5,576)	21,376	468,158

The Consolidated Statement of Changes in Equity is to read in conjunction with the Notes to the Financial Statements.

About this report

On 12 November 2009, the units in AJT were stapled to the shares of AJCo (stapled securities) forming the Astro Japan Property Group ("Astro Group"). It is not possible to trade or deal separately in either the shares or units which comprise the stapled securities.

The entities forming the Astro Group are domiciled in Australia.

AJT has been deemed the parent entity of the Astro Group although it is not the legal parent or legal acquirer of AJCo. AJT has been deemed the parent entity of the Astro Group on the basis that it was in existence prior to AJCo and has greater net assets than AJCo.

The consolidated financial report of the Astro Group for the half year ended 31 December 2016 comprises AJT and AJCo and its controlled entity (together referred to as the "Astro Group"). AJT and AJCo are separate legal entities under the *Corporations Act 2001* (Cth) so are therefore required to separately comply with the reporting and disclosure requirements under the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

The financial report was authorised for issue by the Directors on 22 February 2017. The Responsible Entity has the power to amend and reissue this financial report.

This general purpose consolidated financial report for the half year ended 31 December 2016 has been prepared in accordance with AJT's Constitution, Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the Astro Group during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rule and the *Corporations Act 2001* (Cth).

For the purposes of these Notes:

- references to 'TK Operator' means each or any of the nine Japanese special purpose companies through which the Astro Group invests in Japan, namely JPT Co. Ltd. (JPT), JPT Corporate Co. Ltd. (JPTC), JPT Scarlett Co. Ltd. (JPTS), JPT Newton Co. Ltd. (JPTN), JPT Omega Co. Ltd. (JPTO), Arabesque S Godo Kaisya (JPTGK), KTS&S Co. Ltd (JPKT), JPT Direct Co. Ltd. (JPTD) and JPT August Co. Ltd. (JPTA); and
- references to 'TK' means the contractual relationship between a TK Operator and AJT, which is documented in a 'TK Agreement'.

1. Segment reporting

Management has determined the operating segments based on the reports reviewed by the 'chief operating decision maker' that are used to make strategic decisions. The chief operating decision maker has been determined to be the Board of the Responsible Entity. The chief operating decision maker considers the business from a business unit perspective and has identified eight reportable segments. The individual TK's are considered more appropriate segments than retail, office, residential and hotels as each of the TK's (which constitute the majority of the Astro Group results) are monitored on an TK-by-TK basis, (each TK contains investment properties that are secured against specific borrowings, except JPKT which is debt free) and the residual business unit includes the operations of AJT, AJCo, and the Responsible Entity, as well as consolidation adjustments. These operating segments are consistent with the classes of unlisted investments as discussed in Note 3(b).

The chief operating decision maker assesses the performance of each operating segment based on an adjusted operating cash flow basis. This measure excludes non-operating and non-cash items such as unrealised fair value adjustments on investment properties and fixed interest debt, and foreign exchange gains/losses, but includes items such as capital expenditure on investment properties. Gearing is considered within each of the business units due to the non-recourse nature of debt contained within each TK. This approach is considered more appropriate than the method used to reconcile operating profit to statutory profit/(loss) set out in the Directors' Report.

The information presented in this segment reporting includes disclosures around the Astro Group's interests in unconsolidated structured entities, being the TKs.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

The segment information provided to the chief operating decision maker for the reportable segments for the half year ended 31 December 2016, and reconciliation to the (loss)/profit for the period, are included below:

	JPT TK	JPTS TK	JPTC TK	JPTN TK	JPTO TK	JPTGK	JPKT TK	Australia, Consolidation adjustments and JPTD & JPTA TKs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income statement									
31 December 2016									
Revenue									
Property rental income	7,349	5,929	11,498	7,423	2,194	1,413	547	-	36,353
Financing income	-	-	-	-	-	-	-	31	31
Distribution income	-	-	-	-	-	-	-	45	45
Gain on disposal of investment property	-	-	-	50	-	-	-	-	50
Fair value adjustments to investment properties	925	266	3,654	(1,764)	-	-	(172)	-	2,909
Fair value adjustments to interest bearing debt	(70)	(106)	(90)	(574)	-	898	-	-	58
Other income	1	-	1	-	-	3	-	-	5
Total revenue	8,205	6,089	15,063	5,135	2,194	2,314	375	76	39,451
Expenses									
Property expenses	(1,063)	(1,308)	(2,802)	(2,790)	(496)	(257)	(104)	-	(8,820)
Asset management fees	(495)	(426)	(918)	(487)	(144)	(74)	(33)	-	(2,577)
Financing costs	(1,158)	(728)	(1,443)	(590)	(109)	(183)	-	(16)	(4,227)
Net foreign exchange loss	-	-	-	-	-	-	-	(4,368)	(4,368)
Other operating expenses	(69)	(127)	(299)	(149)	(67)	(10)	(27)	(1,257)	(2,005)
Total expenses	(2,785)	(2,589)	(5,462)	(4,016)	(816)	(524)	(164)	(5,641)	(21,997)
Segment profit/(loss) before tax	5,420	3,500	9,601	1,119	1,378	1,790	211	(5,565)	17,454
Income tax benefit/(expense)	(392)	(187)	3,511	268	(147)	(258)	(31)	(539)	2,225
Segment profit/(loss) after tax	5,028	3,313	13,112	1,387	1,231	1,532	180	(6,104)	19,679
Reconciliation to Astro Group loss after tax:									
Fair value adjustment to unlisted investments									(32)
Foreign currency translation impact on the fair value of the TKs									(42,066)
TK operator share of TK distributions									(26)
Loss for the period									(22,445)

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

	JPT TK	JPTS TK	JPTC TK	JPTN TK	JPTO TK	JPTGK	Australia, Consolidation adjustments and JPTD & JPTA TKs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income statement								
31 December 2015								
Revenue								
Property rental income	6,562	7,360	10,543	8,029	1,987	1,244	-	35,725
Financing income	1	1	1	4	1	-	46	54
Distribution income	-	-	-	-	-	-	347	347
Fair value adjustments to investment properties	3,748	743	6,095	(1,375)	-	1,445	-	10,656
Net foreign exchange gain	-	-	-	-	-	-	2,489	2,489
Other income	1	7	1	12	-	-	-	21
Total revenue	10,312	8,111	16,640	6,670	1,988	2,689	2,882	49,292
Expenses								
Property expenses	(858)	(2,435)	(2,665)	(2,710)	(332)	(209)	-	(9,209)
Asset management fees	(451)	(499)	(831)	(547)	(130)	(66)	-	(2,524)
Financing costs	(1,090)	(762)	(1,359)	(637)	(119)	(1,010)	(21)	(4,998)
Fair value adjustments to interest bearing debt	(1,078)	116	(1,358)	(417)	-	(106)	-	(2,843)
Other operating expenses	(80)	(192)	(323)	(152)	(67)	(10)	(1,433)	(2,257)
Total expenses	(3,557)	(3,772)	(6,536)	(4,463)	(648)	(1,401)	(1,454)	(21,831)
Segment profit before tax	6,755	4,339	10,104	2,207	1,340	1,288	1,428	27,461
Income tax benefit/(expense)	(746)	2,316	3,277	199	(142)	(314)	(394)	4,196
Segment profit after tax	6,009	6,655	13,381	2,406	1,198	974	1,034	31,657
Reconciliation to Astro Group profit after tax:								
Fair value adjustment to unlisted investments								(1,352)
Foreign currency translation impact on the fair value of the TKs								23,959
TK operator share of TK distributions								(44)
Profit for the period								54,220

The Astro Groups economic interest in JPKT commenced on 17 August 2016 therefore JPKT is not included in the comparative figures for the period to 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

	JPT TK	JPTS TK	JPTC TK	JPTN TK	JPTO TK	JPTGK	JPKT TK	Australia, Consolidation adjustments and JPTD & JPTA TKs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Adjusted operating cashflow									
31 December 2016									
Net operating cash flows from investment properties	6,339	4,529	9,005	4,933	1,670	1,119	426	-	28,021
Capital expenditure on investment properties	(151)	(222)	(271)	(1,609)	-	-	-	-	(2,253)
Asset management fees paid	(1,820)	(1,191)	(2,634)	(1,370)	(479)	(74)	(33)	-	(7,601)
Interest paid	(1,130)	(149)	(1,408)	(540)	(93)	(168)	-	-	(3,488)
Accounting and administration	(76)	(128)	(307)	(152)	(72)	(8)	(32)	(1,252)	(2,027)
Realised foreign exchange gains	-	-	-	-	-	-	-	2,960	2,960
Adjusted operating cashflow	3,162	2,839	4,385	1,262	1,026	869	361	1,708	15,612
Reconciliation to segment profit before tax:									
Adjusted operating cashflow	3,162	2,839	4,385	1,262	1,026	869	361	1,708	15,612
Fair value adjustment to investment properties	925	266	3,654	(1,764)	-	-	(172)	-	2,909
Fair value adjustments to interest bearing debt	(70)	(106)	(90)	(574)	-	898	-	-	58
Unrealised foreign exchange loss	-	-	-	-	-	-	-	(7,328)	(7,328)
Movements in accruals and prepayments	1,293	366	1,432	600	371	41	22	(16)	4,109
Amortisation of borrowing costs	(41)	(87)	(51)	(64)	(19)	(18)	-	-	(280)
Depreciation	-	-	-	-	-	-	-	(5)	(5)
Financing income	-	-	-	-	-	-	-	31	31
Capital expenditure on investment properties	151	222	271	1,609	-	-	-	-	2,253
Gain on disposal of investment property	-	-	-	50	-	-	-	-	50
Distribution income	-	-	-	-	-	-	-	45	45
Segment profit/(loss) before tax	5,420	3,500	9,601	1,119	1,378	1,790	211	(5,565)	17,454

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

	JPT TK	JPTS TK	JPTC TK	JPTN TK	JPTO TK	JPTGK	Australia, Consolidation adjustments and JPTD & JPTA TKs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Adjusted operating cashflow								
31 December 2015								
Net operating cash flows from investment properties	5,784	4,832	7,739	5,044	1,621	985	-	26,005
Capital expenditure on investment properties	-	(634)	(495)	(1,952)	-	-	-	(3,081)
Asset management fees paid	(839)	(784)	(1,351)	(875)	(233)	(65)	-	(4,147)
Interest paid	(1,047)	(605)	(1,305)	(577)	(102)	(121)	-	(3,757)
Accounting and administration	(81)	(189)	(322)	(124)	(71)	(9)	(1,466)	(2,262)
Realised foreign exchange gains	-	-	-	-	-	-	1,363	1,363
Adjusted operating cashflow	3,817	2,620	4,266	1,516	1,215	790	(103)	14,121
Reconciliation to segment profit before tax:								
Adjusted operating cashflow	3,817	2,620	4,266	1,516	1,215	790	(103)	14,121
Fair value adjustment to investment properties	3,748	743	6,095	(1,375)	-	1,445	-	10,656
Fair value adjustments to interest bearing debt	(1,078)	116	(1,358)	(417)	-	(106)	-	(2,843)
Unrealised foreign exchange loss	-	-	-	-	-	-	1,126	1,126
Movements in accruals and prepayments	305	305	652	589	142	47	15	2,055
Amortisation of borrowing costs	(37)	(79)	(46)	(58)	(17)	(888)	-	(1,125)
Depreciation	-	-	-	-	-	-	(3)	(3)
Financing income	-	-	-	-	-	-	46	46
Capital expenditure on investment properties	-	634	495	1,952	-	-	-	3,081
Distribution income	-	-	-	-	-	-	347	347
Segment profit before tax	6,755	4,339	10,104	2,207	1,340	1,288	1,428	27,461

The Astro Groups economic interest in JPKT commenced on 17 August 2016 therefore JPKT is not included in the comparative figures for the period to 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

The amounts provided to the chief operating decision maker with respect to the total assets and liabilities are consistent with that of the financial statements at a net asset level and as such no reconciliation is required.

	JPT TK	JPTS TK	JPTC TK	JPTN TK	JPTO TK	JPTGK	JPKT TK	Australia, Consolidation adjustments and JPTD & JPTA TKs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment balance sheet									
31 December 2016									
Segment assets									
Cash and cash equivalents	6,543	6,163	8,483	7,085	1,669	671	707	45,360	76,681
Restricted cash	9,288	2,264	10,195	12,521	6,008	2,659	615	-	43,550
Trade and other receivables	191	212	854	118	-	990	1,194	44	3,603
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	3,749	3,749
Investment properties	249,059	143,703	325,090	159,786	62,744	41,679	18,262	-	1,000,323
Deferred tax asset	514	3,956	4,333	2,031	-	27	-	37	10,898
Intangible assets	-	-	-	-	-	-	-	2,600	2,600
Other assets	23	52	101	309	10	32	28	200	755
Total segment assets	265,618	156,350	349,056	181,850	70,431	46,058	20,806	51,990	1,142,159
Segment liabilities									
Payables and other liabilities	(5,880)	(5,238)	(7,971)	(6,277)	(2,231)	(742)	(519)	18,396	(10,462)
Tenant deposits	(9,464)	(6,939)	(8,517)	(10,778)	(5,194)	(2,432)	(602)	-	(43,926)
Distribution payable	-	-	-	-	-	-	-	(12,737)	(12,737)
Interest bearing debt at fair value	(155,885)	(77,127)	(194,270)	(93,501)	(36,589)	(25,199)	-	-	(582,571)
Current tax liabilities	-	-	-	-	-	-	-	(480)	(480)
Deferred tax liabilities	(11,640)	(76)	(6,701)	-	(1,837)	(3,442)	(31)	(98)	(23,825)
Total segment liabilities	(182,869)	(89,380)	(217,459)	(110,556)	(45,851)	(31,815)	(1,152)	5,081	(674,001)
Net segment assets	82,749	66,970	131,597	71,294	24,580	14,243	19,654	57,071	468,158

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

	JPT TK	JPTS TK	JPTC TK	JPTN TK	JPTO TK	JPTGK	Australia, Consolidation adjustments and JPTD & JPTA TKs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment balance sheet								
30 June 2016								
Segment assets								
Cash and cash equivalents	6,759	20,165	8,865	9,788	1,867	716	58,860	107,020
Restricted cash	10,868	2,713	11,047	14,103	6,616	2,932	-	48,279
Trade and other receivables	222	298	927	92	-	1,038	1,753	4,330
Financial assets at fair value through profit or loss	-	-	-	-	-	-	3,781	3,781
Investment properties	273,121	157,742	353,726	182,357	69,102	45,903	-	1,081,951
Deferred tax asset	550	4,539	-	1,938	-	233	43	7,303
Intangible assets	-	-	-	-	-	-	2,600	2,600
Other assets	16	56	128	331	2	35	329	897
Total segment assets	291,536	185,513	374,693	208,609	77,587	50,857	67,366	1,256,161
Segment liabilities								
Payables and other liabilities	(6,696)	(18,756)	(8,029)	(7,486)	(2,260)	(830)	23,366	(20,691)
Tenant deposits	(10,454)	(7,535)	(9,382)	(12,101)	(5,837)	(2,678)	-	(47,987)
Distribution payable	-	-	-	-	-	-	(10,917)	(10,917)
Interest bearing debt at fair value	(171,559)	(85,530)	(213,801)	(107,603)	(40,378)	(28,874)	-	(647,745)
Current tax liabilities	-	-	-	-	-	-	(858)	(858)
Deferred tax liabilities	(12,369)	(58)	(6,511)	-	(1,860)	(3,708)	(117)	(24,623)
Total segment liabilities	(201,078)	(111,879)	(237,723)	(127,190)	(50,335)	(36,090)	11,474	(752,821)
Net segment assets	90,458	73,634	136,970	81,419	27,252	14,767	78,840	503,340

The Astro Groups economic interest in JPKT commenced on 17 August 2016 therefore JPKT is not included in the comparative figures as at 30 June 2016.

31 Dec 16 30 Jun 16
\$'000 \$'000

2. Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at fair value through profit or loss	415,449	429,003
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Astro Group's economic interest in various TKs in Japan are recognised as financial assets carried at fair value through profit or loss. An overview of the valuation methodology relating to financial assets carried at fair value through profit or loss is included in note 3(b).

3. Fair value measurement of financial instruments

The Astro Group recognises the following financial assets and liabilities at fair value on a recurring basis:

- Financial assets and liabilities carried at fair value through profit or loss

(a) Fair Value Hierarchy

The Astro Group has adopted the classification of fair value measurements into the following hierarchy as required by AASB 13 *Fair Value Measurement* and AASB 7 *Financial Instruments: Disclosures*:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Astro Group's interests in the TKs are recognised as financial assets at fair value through profit or loss, and represent the Astro Group's interest in the net assets of the TKs. The Astro Group has determined that the classes of financial assets are the underlying TKs. The information below aggregates the TKs into a single balance, as the fair value movements are materially consistent across the TKs. The following tables present the Astro Group's financial assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016:

31 Dec 2016 - \$'000				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit or loss				
Unlisted investments	-	-	415,449	415,449
Total assets	-	-	415,449	415,449

30 Jun 2016 - \$'000				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit or loss				
Unlisted investments	-	-	429,003	429,003
Total assets	-	-	429,003	429,003

The Astro Group holds no Level 1 or Level 2 financial assets or liabilities. The carrying amounts of payables and other receivables are assumed to approximate their fair values due to their short-term nature.

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in Level 3 instruments for the periods ending 31 December 2016 and 30 June 2016 for recurring fair value measurements:

	Unlisted investments \$'000	Total \$'000
Level 3 fair value movement		
Balance at 1 July 2015	357,004	357,004
Investments in TKs and unlisted investments	3,195	3,195
Capital returns from TKs	(40,992)	(40,992)
Net fair value gain through profit or loss	109,796	109,796
Balance at 30 June 2016	429,003	429,003
Balance at 1 July 2016	429,003	429,003
Investments in TKs	21,851	21,851
Capital returns from TKs	(12,711)	(12,711)
Net fair value loss through profit or loss	(22,694)	(22,694)
Balance at 31 December 2016	415,449	415,449

The fair value of the unlisted investments with investment properties has been determined by reference to the fair value of the underlying assets and liabilities of the TKs. There is no premium or discount allocated to the TK itself. The main driver of fair value is investment property where the fair value is determined by a discounted cash flow model. The key unobservable inputs of the model have been identified as discount rate and terminal yield, the range of discount rates used was 3.9% to 6.2% and the range of terminal yields used was 4.3% to 7.7%. The fair value of the unlisted investment with no underlying investment properties is based on a discounted cash flow analysis. The fair value of the unlisted investments is determined in Japanese Yen and translated to Australian Dollar at the relevant period end foreign exchange rate. The sensitivity on changes to these key unobservable inputs is presented below. Other material drivers of the fair value of the unlisted investments include debt, tax and working capital balances. The fixed interest portion of debt is carried at fair value, determined by a discounted cash flow model, carrying value of floating rate debt is determined to be approximately equal to its fair value, as the TKs are financed at market rates. The carrying value of tax and working capital balances are a close approximate to fair value, given the nature of those balances.

Sensitivity on changes in fair value of Level 3 financial instruments

The table below summarises the impact of an increase/decrease in significant unobservable inputs on the Astro Group's profit for the period ending 31 December 2016 and 30 June 2016:

Description	Change in unobservable input	31 Dec 16 \$'000	30 Jun 16 \$'000
Fair value of Level 3 Unlisted investments		415,449	429,003
	Increase of 0.1% in Discount rate	(6,412)	(7,104)
	Decrease of 0.1% in Discount rate	6,301	7,429
	Increase of 0.1% in Terminal yield	(10,097)	(12,579)
	Decrease of 0.1% in Terminal yield	10,010	12,500
	Increase of 10% in AUD/JPY foreign exchange rate	(37,768)	(39,000)
	Decrease of 10% in AUD/JPY foreign exchange rate	46,161	47,667
		31 Dec 16 \$'000	30 Jun 16 \$'000

4. Distribution payable

Distribution payable	12,737	10,918
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The Astro Group has announced an estimated distribution of 21.0 cents per security (\$12,737,000) for the half year ended 31 December 2016 (30 June 2016: 18.0 cents (\$10,918,000)). The expected distribution payment date is 28 February 2017.

	31 Dec 16	31 Dec 15
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5. Earnings per stapled security

Basic and diluted	(37.02¢)	90.61¢
Profit after tax attributable to Securityholders of AJT used in calculating basic and diluted earnings per security (\$'000)	(22,451)	54,958
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	60,652,466	60,652,466

The weighted average number of Securities used as denominator in calculating basic and diluted earnings per Securities shown above is based on the number of Securities on issue during the period.

The alternative earnings per stapled security measure shown below is based upon the profit/(loss) attributable to Securityholders of the Astro Group:

Basic and diluted	(37.01¢)	89.39¢
Profit after tax attributable to Securityholders of the Astro Group used in calculating basic and diluted earnings per security (\$'000)	(22,445)	54,220
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	60,652,466	60,652,466

The weighted average number of Securities used as denominator in calculating basic and diluted earnings per Securities shown above is based on the number of Securities on issue during the period.

	31 Dec 16 No.	30 Jun 16 No.
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6. Contributed equity

Securities on issue	60,652,466	60,652,466
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	Number of securities		
Movements in number of securities			
Number at 1 July 2015			60,652,466
Number at 30 June 2016			60,652,466
Number at 1 July 2016			60,652,466
Number at 31 December 2016			60,652,466
	AJT \$'000	Other stapled securityholders' interest \$'000	Total \$'000
Movements in contributed equity			
Balance at 1 July 2015	601,854	26,952	628,806
Balance at 30 June 2016	601,854	26,952	628,806
Balance at 1 July 2016	601,854	26,952	628,806
Balance at 31 December 2016	601,854	26,952	628,806

The Astro Group's securities are classified as equity and issue costs are recognised as a reduction of the proceeds of issues.

The Astro Group's securities have no par value and the Astro Group does not have a limited amount of authorised capital.

In accordance with the Constitution of each of AJT and AJCo, each securityholder is entitled to receive distributions as declared from time to time. In accordance with AJT's Constitution, each security in AJT represents a right to an individual security in AJT and does not extend to a right to the underlying assets of AJT.

It is generally expected that General Meetings of securityholders of AJT and General Meetings of securityholders of AJCo will be held concurrently where proposed resolutions relate to the two entities. Voting rights of securityholders at General Meetings are outlined below.

At General Meetings of securityholders of AJT:

- on a show of hands each securityholder who is present in person and each other person who is present as a proxy, attorney or duly appointed corporate representative of a securityholder has one vote; and
- on a poll, each securityholder who is present in person has one vote for each dollar of value of the securities in AJT held by the securityholder. Also, each person present as proxy, attorney or duly appointed corporate representative of a securityholder has one vote for each dollar of value of the securities in AJT held by the securityholder that the person represents.

At General Meetings of securityholders of AJCo:

- on a show of hands each securityholder who is present in person and each other person who is present as a proxy, attorney or duly appointed corporate representative of a securityholder has one vote; and
- on a poll, each securityholder who is present in person has one vote for each security they hold. Also, each person present as a proxy, attorney or duly appointed corporate representative of a securityholder has one vote for each security held by the securityholder that the person represents.

	31 Dec 16 \$'000	30 Jun 16 \$'000
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7. Commitments and contingencies

Lease commitments: Astro Group as lessee

The Astro Group has a non-cancellable lease in respect of the office premises. The lease is for a duration of 5 years and is classified as an Operating Lease. The minimum lease payments are as follows:

Within 1 year	128	126
Later than 1 year but not later than 5 years	238	303
Total lease commitments	366	429

Contingent assets

In the opinion of the Directors of the Responsible Entity there were no contingent assets at the end of the reporting period (30 June 2016: nil).

Contingent liabilities

In the opinion of the Directors of the Responsible Entity there were no contingent liabilities at the end of the reporting period other than in relation to the Parent Entity as disclosed below.

i) Contingent liabilities of the parent entity

At 31 December 2016, the TKs total security deposit liability to tenants was \$43.9m (30 June 2016: \$48.0m). Of this amount, \$34.2m (30 June 2016: \$36.2m) is held as cash on trust by certain Trust Banks and lenders to each TK to partly collateralise this liability. AJT, the parent entity of the Astro Group, has an obligation arising under each TK Agreement entered into with each TK Operator, to make additional equity contributions to refund tenant security deposits where the TK Operator has insufficient cash to meet this obligation. AJT had contingent liabilities at 31 December 2016 arising from this obligation.

Generally, the deposit repayment obligation arises upon termination or expiry of a tenancy. In normal circumstances, the deposits from incoming tenants would fund the repayment of deposits to outgoing tenants and any deficiency would be funded from cash flow. In this situation it is unlikely that AJT would be required to inject cash into a TK to fund repayment of the tenant security deposits.

AJT has a contingent liability of \$7.0m (30 June 2016: \$8.5m) which relates to unfunded tenant security deposits, net of construction cost deposits. Details of the tenant security deposit liability in each TK are set out in Segment Reporting note 1.

There are no other recourse obligations to the parent entity in relation to the TK agreements or loans.

8. Statement of significant accounting policies

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

The accounting policies adopted are consistent with those of the financial report for the period ended 30 June 2016. No significant changes to the Astro Group's financial performance, position or accounting principles have occurred as a result of the application of the new and amended standards, mandatory for annual reporting periods beginning on or after 1 July 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(a) Basis of preparation

The consolidated financial report for the Astro Group as at 31 December 2016 has been prepared on a going concern basis as the Directors of the Responsible Entity, after reviewing AJT's going concern status, have concluded that AJT has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

The consolidated financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

(b) Use of significant estimates and judgements

The Astro Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Critical accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Cash flow forecasting relating to going concern

The Astro Group has forecast future cash flows for the period of twelve months from the date of authorisation of this financial report in order to support the Astro Group's going concern status. This forecast required the use of assumptions and estimates. Future distributions from the TKs were based on forecasts provided by the Japan Asset Manager. An estimate has been made as to the JPY/A\$ exchange rate prevailing at the date which the distributions will be paid from the TKs.

ii) Financial assets held at fair value through profit or loss (FVTPL)

The Astro Group recognises economic interests in TKs as financial assets at fair value through profit or loss in accordance with the accounting policy stated in note 1(f) of the 30 June 2016 consolidated annual financial statements. The determination of fair value requires the Astro Group to apply judgement on significant estimates and assumptions. The valuation methodology has been described in note 3(b).

iii) Functional currency

Refer to note 1(e) of the 30 June 2016 consolidated annual financial statements.

Critical accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Astro Group and that are believed to be reasonable under the circumstances.

(c) New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods. The Astro Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Astro Group's accounting for its financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. Although the Astro Group anticipates that the adoption of this standard may have an impact on the Financial Statements, it is impractical at this stage to provide a reasonable estimate of such impact.

AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 outlines a single comprehensive model to use in accounting for revenue from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations. The key principle of this Standard is that an entity will recognise revenue when it transfers promised goods or services to customers for an amount that reflects its expected consideration. The Standard introduces more prescriptive and detailed implementation guidance than was included in AASB 118, AASB 111 and the related Interpretations. The Standard is not applicable until 1 January 2018 but is available for early adoption. Although the Astro Group anticipates that the adoption of this standard may have an impact on the Financial Statements, it is impractical at this stage to provide a reasonable estimate of such impact.

AASB 16 *Leases* (effective from 1 January 2019)

AASB 16 will replace AASB 117 *Leases*. It requires recognition of a right of use asset along with the associated lease liability where the Astro Group is a lessee. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. Lessor accounting would largely remain unchanged. The standard is not applicable until 1 January 2019 but is available for early adoption for entities that apply AASB 15 *Revenue from Contracts with Customers* at or before the date of initial application of the standard. Although the Astro Group anticipates that the adoption of this standard may have an impact on the Financial Statements, it is impractical at this stage to provide a reasonable estimate of such impact.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Astro Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Astro Group does not intend to adopt any of these pronouncements before their effective dates.

(d) Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Astro Group under ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191. The Astro Group is an entity to which the Legislative Instrument applies.

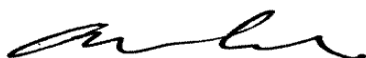
9. Events occurring after the reporting period

The Directors are not aware of any matter or circumstance occurring since 31 December 2016 not otherwise dealt with in the half year financial report that has significantly or may significantly affect the operations of the Astro Group, the results of those operations, or the state of affairs of the Astro Group in subsequent financial years.

- 1 In the opinion of the Directors of Astro Japan Property Management Limited in its capacity as Responsible Entity of Astro Japan Property Trust (AJT):
 - a) the attached Financial Statements and Notes are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the financial position of the Astro Japan Property Group as at 31 December 2016 and of its performance for the half year ended 31 December 2016; and
 - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) there are reasonable grounds to believe that AJT will be able to pay its debts as and when they become due and payable.

Dated 22 February 2017.

This declaration is made in accordance with a resolution of the Directors pursuant to s.303(5) of the *Corporations Act 2001* (Cth).



F A McDonald
Director

Astro Japan Property Management Limited in its capacity as Responsible Entity of Astro Japan Property Trust

INDEPENDENT AUDITOR'S REVIEW REPORT

To the stapled security holders of Astro Japan Property Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Astro Japan Property Trust, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Astro Japan Property Group ('the Consolidated Stapled Entity'). The Consolidated Stapled Entity, as described note 1 to the financial report, comprises the Astro Japan Property Trust and the entities it controlled at the half-year's end or from time to time during the half-year, including Astro Japan Property Group Limited and its controlled entities.

Directors' Responsibility for the Half-Year Financial Report

The directors of Astro Japan Property Management Limited, as responsible entity for the Astro Japan Property Trust, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astro Japan Property Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Astro Japan Property Management Limited as responsible entity for the Astro Japan Property Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Astro Japan Property Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated stapled entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', with a stylized flourish at the end.

Ian Hooper
Partner

Sydney, 22 February 2017